

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 205 – HB 315

March 19, 2013

SUMMARY OF ORIGINAL BILL: Makes technical changes to Tenn. Code Ann. § 49-13-106 for the purpose of conforming to statute changes enacted in 2011. Removes the words “an eligible public school” and “conversion of eligible schools” and replaces these phrases with “a school” and “conversion of schools” respectively.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

SUMMARY OF AMENDMENT (004899): Deletes all language after the enacting clause. Changes, from \$5,000 to \$10,000, the monetary level that charter schools are required to bid for services and be approved by the charter schools’ governing body. Authorizes a local education agency (LEA) to ask a charter school sponsor to amend their application so the sponsor will convert an existing LEA school to a public charter school. If the sponsor denies the request, the LEA shall continue with the regular review of the sponsor’s application. Authorizes a charter school sponsor to apply to the LEA to convert an existing public school to a charter school. Authorizes students from outside the regular LEA school zone to attend such schools. If an LEA denies the charter sponsor’s request, the LEA’s decision shall be final and not subject to appeal. Authorizes LEAs to withhold funds from charter schools for costs associated with providing services that have been agreed to by the school and LEA through contract and requires any fee for service to be placed in an addendum to the existing charter agreement or a separate document. Defines “governing body” and requires that membership of a governing body shall include at least one parent representative. Authorizes a charter school to set-up an advisory council at each school that it operates in order to satisfy the membership requirement. Defines “charter management organization”. Removes the words “high priority school” from Tenn. Code Ann. § 49-13-102(a)(2). Requires the chartering authority to submit a performance report one year prior to the date that a charter school is required to submit a renewal application. If the number of students wanting to attend a school that has been converted to a charter school, enrollment preference shall be given to those students attending a charter school that the converted school has an approved articulation agreement with and those from a pre-K program operated by the charter school sponsor. Removes language in current law authorizing an appeal to the State Treasurer in cases where an LEA has denied a charter school application because of a substantial negative fiscal impact on local expenditures. Authorizes local boards of education to consider whether the establishment of a charter school will have a substantial negative fiscal impact on the LEA.

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FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Decrease State Expenditures - \$50,000

Assumptions for the bill as amended:

- No change in the Basic Education Funding Formula.
- No change in the amount of funding being given to public charter schools.
- Any fiscal impact on an LEA as a result of converting an existing public school into a charter school as a result of this bill as amended is estimated to be not significant since the LEA has the right to refuse such conversions without appeal.
- Currently, the Treasurer's budget has a recurring budget item of \$50,000 devoted to reviewing such applications. The recurring decrease in state expenditures is estimated to be \$50,000.
- Denials of charter school applications as a result of a substantial negative fiscal impact to the LEA will be heard by the State Board of Education (SBE) during the SBE's normal review process.
- Any increase in local expenditures as a result of giving performance reports to charter schools is estimated to not significant. LEAs currently provide interim performance reports.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Lucian D. Geise, Executive Director

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